cannot be any legitimate complaint from the point of view of individual assessees the increase in the rates applicable to companies may operate as a hardship. This idea is again due to a misconception. There are now about 260 companies and registered firms who will be affected by this revision. It would however be found that the enhancement of the tax does not prejudicially affect the ultimate shareholders. In the interest of tax collection the income-tax on companies is always levied on the maximum rates applicable to individuals. If it were otherwise there may be shareholders whose total income is so large that they are personally liable to pay tax at the maximum rate but escape such tax in the case of dividends if the company also is not taxed at the maximum rate. Under the provision of the Income-Tax Regulation when the rate at which the company is taxed is higher than the rate at which the shareholder is liable to be taxed on his income the tax on the dividend calculated at the difference between the company's rate and the shareholder's rate will be refunded to the shareholder. By virtue of this provision it will be found that the middle class shareholder is not ultimately affected and will get by way of refund what the company pays in the shape of enhanced tax. When the provisions of the Income-Tax Amendment Bill are examined from these points of view it will be found that not merely are the poorer and middle classes left unaffected but that equity demands an increase of the rates to the proposed level. I hope therefore that the House will accept the proposal when it is duly placed before it.

Codification of Laws.

8. I shall now pass on to certain other matters relating to the internal administration of the State. The Law Commision that was set up during this year has made fairly good progress so far. The Commissioner has already submitted for the consideration of Government about 45 draft Regulations. Of these 23 are Amendment Regulations and 22 are new Regulations incorporating in our statute law some of the enactments of British India. Honourable Members will remember that in virtue of the undertaking given by His Highness' Government as a part of the Cochin Harbour settlement we are bound to keep our statute law especially the laws relating to commercial transactions on the same lines with the corresponding legislation in British India. The object of Government in setting up the Law Commission is not merely to enable Government to fulfil this undertaking but to consolidate the statute law of the State

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and bring it up to date. The draft Regulations so far submitted by the Law Commissioner are now under consideration of the Government. As these are mostly adaptations of the British Indian Enactments and as it is expedient to bring our laws up to date at as early a date as possible it is proposed to enact these measures under the prerogative powers vested in His Highness the Maharaja. If however there is any legislation which involves a radical change either in the existing law or custom prevailing in the State Government would place such legislation for the consideration of this House. Besides the Regulations submitted by the Law Commissioner it is proposed to place before the Legislative Council during the ensuing sessions measures for the amendment of some of the existing Regulations. The most important of this is the bill to amend the Municipal Regulation. The Municipal Regulation as it is today is very much out of date and since its enactment considerable changes have been made in the municipal law of British India. The object of the amending bill is to have a comprehensive revision of the Municipal Regulation so as to bring it up to date. In view of the growing importance of municipal administration and the enlarged sphere of the responsibilities imposed upon municipalities it is necessary that the law relating to municipalities should be more comprehensive and up to date. The municipal administration in the State is at present run as a quasi Government department and the municipal councillors have a tendency to look to Government for every scheme of development and improvement. This is entirely opposed to the fundamental conception of municipal administration. While control by Government in certain vital matters is essential it should be realised that municipalities should be prepared to shoulder greater responsibilities in the matter of taking the initiative and carrying out the many schemes of town improvement which have to be handled by these councils very soon. While Government would be prepared to help by way of grants and other means, the municipalities must ultimately depend upon their own resources for many of the schemes of improvement that must be taken on hand very soon. The extension of the pipeline to Mattancherry, the provision of adequate water supply to Trichur, the building of an up to date market at Trichur and the programme of slump clearance at Ernakulam—these are some of the outstanding problems which the respective municipalities will have to handle. You will find that provision has been made in the budget for the starting of many of these works. It could be made clear that the primary responsibility for the financing of these schemes should be undertaken by the

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municipalities themselves. Government will be prepared to help the municipalities by means of substantial grants and by giving loans. It is the duty of the municipal administration to point out sources from which these loans can be liquidated in course of time. The constitution of Irinjalakuda into a municipality adds one more municipal council which will have to tackle its own local problems. I hope that the municipal councillors and chairmen of all the municipalities will take a greater initiative in all these schemes of improvement. In view of the fact that the amending bill is of a very comprehensive nature and introduces radical changes in certain matters Government have thought it necessary to postpone for a year elections which in the normal course ought to have been held during the next two months. It is considered inadvisable to have an election at a time when the whole constitution of municipalities is undergoing a radical change.

Medical and Public Health.

9. The activities of the Medical and Public Health Departments are showing considerable expansion. Increased provision has been made in the budget for dietary charges in the various hospitals and dispensaries. Government are every day faced with the problem of providing better and more adequate provision for medical aid especially in the rural areas. The demand for the opening of dispensaries comes from almost every rural centre. With the necessarily limited resources available to the State it will not be possible to meet every one of these demands. In fact the opening of new dispensaries is very often undertaken without sufficient forethought with the result that there is a danger of there being a number of inefficient and ill-equipped dispensaries throughout the State. I consider that the resources of the Government should be spent on a more scientific basis so that the institutions that we establish should be efficient and properly equipped. Quality rather than quantity must be the aim in the establishment of such institutions. Provision has been made in the budget for more leprosy clinics, health centres and the completion of the new up to date hospital at Mattancherry. In addition to these it is proposed to establish a Radium Institute attached to the General Hospital at Ernakulam for the treatment of cancers and allied diseases. The greater part of the funds for this institution will be provided by the share that we got out of the collections for the King George V Jubilee Memorial Fund. The establishment of

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